



UNIVERSITI TEKNOLOGI MARA

ACC886: MANAGEMENT ACCOUNTING PERFORMANCE EVALUATION

<b>Course Name (English)</b>	MANAGEMENT ACCOUNTING PERFORMANCE EVALUATION <b>APPROVED</b>
<b>Course Code</b>	ACC886
<b>MQF Credit</b>	5
<b>Course Description</b>	Stresses the importance of costs and the drivers of costs in the production, analysis and use of information for decision making in organisations. The time focus of P1 is the short term. It covers budgeting as a means of short-term planning to execute the strategy of organisations. In addition it provides competencies on how to analyse information on costs, volumes and prices to take short-term decisions on products and services and to develop an understanding on the impact of risk to these decisions. It provides the foundation for cost management and the long-term decisions covered in P2.
<b>Teaching Methodologies</b>	Lectures, Tutorial, Self-directed Learning
<b>CLO</b>	CLO1 Discuss costing methods and their results. CLO2 Discuss the role of quality costing. CLO3 Explain the role of environmental costing. CLO4 Explain the purposes of forecasts, plans and budgets. CLO5 Prepare forecasts of financial results. CLO6 Discuss budgets based on forecasts. CLO7 Discuss the principles that underlie the use of budgets for control. CLO8 Analyse performance using budgets, recognising alternative approaches and sensitivity to variable factors. CLO9 Explain concepts of cost and revenue relevant to pricing and product decisions. CLO10 Analyse short-term pricing and product decisions. CLO11 Analyse information to assess risk and its impact on short-term decisions.
<b>Pre-Requisite Courses</b>	No course recommendations
<b>Topics</b>	
<b>1. Cost Accounting Systems</b> 1.1) Apply marginal (or variable) throughput and absorption accounting methods in respect of profit reporting and inventory valuation. 1.2) Compare and contrast activity-based costing with traditional marginal and absorption costing methods. 1.3) Apply standard costing methods including the reconciliation of budgeted and actual profit margins, distinguishing between planning and operational variances. 1.4) Interpret material, labour, variable overhead, fixed overhead and sales variances. 1.5) Explain the advantages and disadvantages of standard costing in various sectors and its appropriateness in the contemporary business environment. 1.6) Explain the impact of JIT manufacturing methods on cost accounting methods. 1.7) Discuss the role of audit costing as part of a total quality management (TQM) systems. 1.8) Explain the role of environmental costing as part of an environmental management system.	
<b>2. Budgeting</b> 2.1) Explain the purposes of budgets, including planning, communication, coordination, motivation, authorisation, control and evaluation, and how these may conflict. 2.2) Calculate projected product/service volumes, revenue and costs employing appropriate forecasting techniques and taking account of cost structures. 2.3) Prepare a budget for any account in the master budget, based on projections/forecasts and managerial targets. 2.4) Discuss alternative approaches to budgeting. 2.5) Discuss the concept of the budget as a control system and the use of responsibility accounting and its importance in the construction of functional budgets that support the overall master budget.	

2.6) Analyse the consequences of 'what if' scenarios.

**3. Short-term Decision Making**

3.1) Explain the principles of decision making, including the identification and use of relevant cash flows and qualitative factors.

3.2) Explain the conflicts between cost accounting for profit reporting and inventory valuation, and information required for decision making.

3.3) Explain the issues that arise in pricing decisions and the conflict between 'marginal cost' principles, and the need for full recovery of all costs incurred.

3.4) Apply relevant cost analysis to various types of short-term decisions.

3.5) Apply break-even analysis in multiple product contexts.

3.6) Analyse product mix decisions, including circumstances where linear programming methods are needed to identify 'optimal' solutions.

3.7) Explain why joint costs must be allocated to final products for financial reporting purposes but why this is unhelpful when decisions concerning process and product viability have to be taken.

**4. Dealing with Risk and Uncertainty**

4.1) Discuss the nature of risk and uncertainty and the attitudes to risk by decision makers.

4.2) Analyse risk using sensitivity analysis, expected values, standard deviations and probability tables.

4.3) Apply decision models to deal with uncertainty in decision making.

Assessment Breakdown		%	
Final Assessment		100.00%	

  

Details of Continuous Assessment	Assessment Type	Assessment Description	% of Total Mark	CLO
	Reading List	Recommended Text	<ul style="list-style-type: none"> <li>• BPP Learning Media 2014, <i>CIMA P1 Management Accounting</i>, 1st Ed., 1-14, BPP Learning Media Ltd London [ISBN: 9781472714466]</li> <li>• BPP Learning Media 2015, <i>CIMA P1 Management Accounting - Exam Practice Kit</i>, 1st Ed., 22, BPP Learning Media LTD London UK [ISBN: 9781472713957]</li> <li>• Chartered Institute of Management Accountants 2014, <i>P1 Management Accounting - Study Text</i>, 1st Ed., 14, Kaplan Publishing UK Great Britain [ISBN: 9781784151263]</li> <li>• Chartered Institute of Management Accountants 2014, <i>P1 Management Accounting - CIMA Official Exam Practice Kit</i>, 1st Ed., 2 sections, CIMA Publishing Great Britain [ISBN: 9781784151447]</li> </ul>	
Article/Paper List	This Course does not have any article/paper resources			
Other References	This Course does not have any other resources			